

U.S. REEXPORT CONTROLS

- o The basic rule is that reexport authorization is required for any item that, if it were a direct export from the U.S., would require a validated export license.

- o However, specific U.S. authorization is not required for reexports from COCOM countries to
 - 1) a controlled country when the export transaction is submitted to COCOM by the host country and approved by COCOM;

 - 2) the PRC when the commodity is "Green Zone" and may be licensed at national discretion without COCOM clearance.

- o Other countries' resistance to the extraterritorial reach of U.S. controls make enforcement of U.S. reexport controls difficult. Thus, to a large degree, Commerce relies on foreign companies' voluntary compliance with reexport controls and on U.S. corporations policing the activities of their foreign affiliates. In addition, Commerce,

with the permission of host governments, conducts overseas audits of major foreign importers of U.S. commodities.

- o COCOM countries require licenses for the export of U.S. origin items as if they were domestically produced. Therefore, in addition to U.S. reexport controls, exports from COCOM countries are also subject to the national licensing regime of the host country.